

RuralAmerica

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This issue of Rural America launches a new format incorporating material formerly appearing in *Rural Conditions and Trends*, which ceased publication last year. *Rural America* will now combine feature articles with a new Rural Updates section containing tables and short articles that present the latest information on rural social and economic conditions, plus changes in rural development programs and policies. *Rural America* has also now become a quarterly. Individual rural updates will appear in the earliest issue feasible after data become available; in many cases, additional data will also be available on the ERS website at < <http://www.ers.usda.gov/> > .

Most of the articles in this issue deal with some facet of rural business. The first two discuss agriculture and its links with the nonfarm rural economy. Doris J. Newton and Robert Hoppe explore the diversity of U.S. farms. ERS has recently developed a new classification system that not only groups farms by size but also divides small farms into categories that better reflect the importance of the farm to the operator's income and position in the life cycle. The four groups are limited-resource farms, retirement farms, residential/lifestyle farms, and farming-occupation farms where operators consider agriculture to be their major occupation. Most farms are small farms whose owners depend on off-farm income and benefit from a healthy nonfarm economy. On the other hand, in areas with concentrations of larger farms, agricultural activities remain important to local economies.

One strategy increasingly used to benefit both agricultural and rural economies is the promotion of value-added agriculture. Maureen Kilkenny and Gerald Schluter have surveyed the programs in all 50 States and assessed their importance. States use value-added policies to promote the use and recognition of State-grown products and to attract agro-industries. While farmers would prefer to have more agro-industries in rural areas, large firms are more likely to succeed in cities, where they can draw on the products of many farms and have access to a diverse labor force, better infrastructure, and related support businesses. Small firms, on the other hand, are often well-suited to rural locations, especially in areas with surplus labor. F. Larry Leistritz and Randall S. Sell take a closer look at the effects of agricultural processing plants in rural areas. A survey of North Dakota community leaders and residents in places with new processing plants shows that the new plants have improved incomes and increased job opportunities for local residents; local leaders have been pleased with the results.

Another way to encourage new companies to locate in rural areas is to create or assist rural venture capital firms. Most venture capital investments are in urban areas, but some venture capital programs aimed at small market areas have recently appeared: public venture capital funds, public funds with private management, and community-level equity funds. David L. Barkley and Deborah M. Markley investigate 11 such programs. They report that the most successful funds of whatever type have experienced and incentive-driven management, suffer little political pressure, allocate enough resources to finding investment opportunities, and are strongly oriented toward profitability.

Workforce training has become an important rural development issue, as rural workers are often thought ill-prepared for the sort of jobs that will become available in the future. Wayne Jesswein, Richard Lichty, and Carolyn Zanko argue that looking at such preparedness regionally may alter that view. Their surveys of firms and workers in northeast Minnesota and northwest Wisconsin found that most job openings there did not call for high-tech skills and that relatively few firms reported workforce difficulties due to the abilities, training, or education of their workforce.

Our Rural Updates section opens with an article by Fred Gale and David McGranahan using the latest (1998) data on nonmetro jobs and earnings. Nonmetro jobs have continued to grow, but from 1995 to 1998 they did not grow as fast as metro jobs, especially in producer services. The gap between metro and nonmetro earnings has widened further: nonmetro jobs in 1998 paid only 69 percent of what metro jobs paid. Alex Majchrowicz and William Edmondson report on employment in farm-linked industries using two different approaches. Majchrowicz discusses farm and farm-related employment, two-thirds of which is in wholesale and retail trade. He includes data by States, with a breakdown for nonmetro areas. Edmondson updates food and fiber system employment and GDP share, finding that the system's share of GDP continues to rise despite a downward trend in employment. He also presents 1999 data on economic activity related to agricultural trade.

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